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CHAPTER 8

OBLIGATION MANAGEMENT0801 GENERAL

This chapter contains information on obligation management not covered in the Department of Defense Financial Management Regulation (DoDFMR), Volume 3.

0802 RESPONSIBILITIES

080201. The serviced activity or fund manager is primarily responsible for managing obligations. This includes:

- A. Reviewing obligation documents for compliance.
- B. Ensuring the accounting classification cited on the obligation document is appropriate for the stated purpose of the obligation.
- C. Ensuring the amount obligated meets statutory and regulatory provisions.
- D. Ensuring the obligation is recorded timely and accurately.

080202. Accounting activities are responsible for ensuring the integrity and accuracy of all obligation information. Accounting activities will not accept, process, or maintain obligation documentation that fails to satisfy applicable statutory and regulatory guidance. In no instance will the accounting activity fail to record a valid obligation.

0803 APPROPRIATION LEGALLY AVAILABLE

Whether appropriations are legally available for obligation and expenditure depends upon the following:

080301. The purpose of the obligation must be one for which the appropriation was made (31 United States Code (U.S.C.) 1301(a)).

080302. The obligation must be incurred within the time that the appropriation was made available for new obligations (31 U.S.C. 1502(a)).

080303. The obligation may not exceed the amount appropriated by statute, nor may it be incurred before the appropriation becomes law, unless otherwise provided by law (31 U.S.C. 1342 and 41 U.S.C. 11).

0804 CONTINUING RESOLUTION AUTHORITY (CRA)

080401. Definition. A CRA is an interim appropriation, enacted to provide authority for specific ongoing activities in the event that regular appropriations have not been enacted by the beginning of the fiscal year or the expiration of the previous CRA. A CRA has a fixed life and provides the authority necessary to allow operations to continue in the absence of appropriations.

080402. Operations Under a CRA. Unless the Office of the Secretary of Defense (OSD) issues other instructions, a CRA provides for the following:

A. Rate of execution generally will not exceed the amount contained in the President's budget, the previous year's rate of execution, or the amount recommended by the House and Senate Appropriations Committees, whichever is the lowest or most restrictive.

B. No new starts may be initiated. Operations & Maintenance, Army (OMA)-funded minor construction is not considered a new start.

C. No increase in scope of ongoing programs is permitted.

D. No new multiyear procurements are permitted.

0805 OPERATION IN THE ABSENCE OF APPROPRIATIONS

A. In the event that neither an Appropriation Act nor a CRA has been enacted, a "funding gap" exists.

B. Obligations may continue during the new fiscal year (FY) for minimum mission essential business.

C. Prior year unexpired funds of multi-year appropriations are not impacted by the absence of a new appropriation or a CRA. Revolving funds are also not impacted.

0806 RULES OF OBLIGATION

080601. Additional Guidance. See the DoDFMR, Volume 3, chapters 8, 10, and 15 for information on rules of obligation not covered in this chapter.

080602. Obligating Current Year Funds for Prior Year Needs. Do not obligate current year funds for the needs of a prior year. If the prior year needs still exist in the current year, obligate current year funds to satisfy the "continuing need." If an obligation had been incurred in the prior year, whether recorded or unrecorded, then prior year funds must be used to fund the prior year needs.

080603. Severable Service Contracts.

A. Obligate funds current when a severable service contract is signed for the amount of the contract provided the contract does not exceed 12 months. Severable service contracts that exceed 12 months will be funded by appropriations of the fiscal years in which the services are rendered. In accordance with 10 U.S.C. 2396, an exception to funding severable contracts that exceed 12 months with appropriations current when services are rendered, is allowed in foreign countries where laws and customs require advance payments.

B. Option years are treated as new contracts. Therefore, when the severable service contract has renewal options, obligate funds for the basic period and any penalty charges for failure to exercise options per paragraph A above.

080604. Non-Severable Contracts. Obligate funds current when a non-severable (also referred to as "entire" or "single entity") contract is signed for the full amount of the contract. Non-severable contracts are for single undertakings in which the services to be received cannot be separated for performance in separate fiscal years. Training tends to be non-severable.

080605. Travel Orders. Cite next FY's appropriation on a temporary duty (TDY) order issued in the current FY for travel in the next FY. These orders will include a statement, "subject to availability of funds." Do not record obligations for the next FY in the current FY. There is an exception for military personnel which authorizes advance payments of certain permanent change of station (PCS) travel and transportation allowances according to 37 U.S.C. 303 of the Career Compensation Act of 1949. This pertains to do it yourself (DITY) moves. Charge all costs incurred before the date of release (for example, service member's dependents traveling before release date) to the appropriation current at the time the payment is made with a subsequent adjustment to the proper fiscal year (appropriation current in the month of relief). The only exception is the cost of non-temporary contract commercial storage of household goods which is charged to the period during which the service is rendered.

080606. Contract Terminated for "Convenience". If a contract is terminated for convenience pursuant to a court order or a determination by other competent authority (such as a board of contract appeals, the General Accounting Office (GAO) or the contracting officer) that the original award was improper, the appropriation originally cited may be used in a subsequent fiscal year to fund a replacement contract after consulting with legal counsel provided all the following requirements are met:

- A. The original award was made in good faith;
- B. A continuing bona fide need for the goods or services still exists;
- C. The replacement contract is of the same size and scope as the original contract;
- D. The replacement contract is executed without undue delay after the original contract is terminated for convenience.

080607. Contract Terminated for Default. If a contract is terminated for default, the appropriation originally cited may be used in a subsequent fiscal year to fund a replacement contract providing all of the following requirements are met:

- A. The original award was made in good faith;
- B. A continuing bona fide need for the goods or services still exists;
- C. The replacement contract is of the same size and scope as the original contract;
- D. The replacement contract is executed without undue delay after the original contract is terminated for convenience.

080608. Protests. Per 31 U.S.C. 1558, funds available for obligation for a contract at the time a protest is filed in connection with a solicitation for, proposed award of, or award of a contract remain available for obligation for one hundred (100) working days after the date on which the final ruling is made on the protest. A ruling is considered final on the date on which a decision is rendered on such an appeal or request for reconsideration has expired or the date on which a decision is rendered on such an appeal or request, whichever is later. As used in this paragraph, the term “protest” means any protest filed with the General Accounting Office (GAO) pursuant to 31 U.S.C. Chapter 35, Subchapter V. The term “protest” also means an action filed in court or under agency administrative procedures where that action involves:

- A. A challenge to:
 - 1. A solicitation for a contract;
 - 2. A proposed award of a contract;
 - 3. An award of a contract; or
 - 4. The eligibility of an offeror or potential offeror for a contract or of the contractor awarded the contract; and
- B. The action delays or prevents an agency from awarding a contract or proceeding with the procurement.

080609. Procurement of Information Technology from the General Services Agency (GSA). In accordance with (IAW) 40 U.S.C. 1412(e), Department of Defense (DoD) activities may obtain information technology resources from GSA programs without relying on the Economy Act. The obligation is recorded at the time the activity enters into a binding written interagency agreement with GSA. There does not have to be a contract or task order in place because the interagency agreement itself is in the nature of a contract for the purpose of

recording the obligation. The funds are available for next fiscal year even if GSA has not executed the interagency agreement prior to end of current fiscal year. New needs may not be added to an existing order and funded with expired funds unless deemed to be an within scope change to the original order.

080610. Supplies.

A. Record obligations for supply items when orders are placed. Ordering activities must modify or cancel open, unfilled requisitions prior to an appropriation's closing. If ordering activities determine a bona fide need still exists for the supplies or equipment, they must request the requisition be modified to cite the current appropriation using Military Standard Requisition and Issue Procedures (MILSTRIP) document modifier procedures. These adjustments are not subject to the limitations for canceled accounts.

B. Once the supply system is closed for the fiscal year, requisitions will not be processed. Exceptions to this policy (By Pass Authority) can only be authorized by requests through command channels to HQDA, Office of the Deputy Chief of Staff for Logistics (DCSLOG).

C. Use appropriated funds originally cited for MILSTRIP requisitions processed or local purchase orders:

1. Placed to replace requisitions canceled or rejected for causes other than the requisitioner's request for cancellation, or from his or her failure to respond to a materiel obligation validation (MOV) request. An exception is failure to respond to a MOV request (status code BS) due to administrative error which may be reinstated for a period not to exceed 90 days.

2. Issued by the original requisitioner or a substitute requisitioner funded for supply purchases from the same formal subdivision of funds (allocation or allowance/allotment) as the original requisitioner.

3. Issued to re-requisition the original item or a suitable replacement item (for example, an interchangeable or substitute item identified in the Army Master Data File (AMDF)).

4. Issued to satisfy a pre-existing and continuing bona fide need of the original or substitute requisitioner for the original replacement item.

5. Issued to requisition materiel that is substantially of the same size and scope as the original requisition.

6. Issued for replacement contracts when the original requisition is not canceled by a customer's request for cancellation or by the customer's failure to respond to a MOV request (including requisition cancellations with a status code of "BQ"). However, if a

request for cancellation is submitted due to extenuating circumstances, due to no fault of the requisitioner, the resulting "BQ" may be re-utilized if other rules for re-utilization are met.

080611. Canceled Appropriations. Appropriations canceled pursuant to 31 U.S.C., Sections 1552, 1555, or 1557 are not available for new obligations. Adjustments may be made to canceled appropriations provided the transaction being adjusted occurred prior to the appropriation canceling. Canceling appropriations do not eliminate the Government's legal obligation to pay contractors for services rendered or products delivered. Nor does it nullify the need for the accounting activity to maintain an audit trail supporting the existing contingent liability to future appropriations. See chapter 16 this regulation and the DoDFMR, Volume 3, Chapter 10 for limitations and additional guidance. Use unexpired funds available for the same general purpose to pay for obligations that would have been charged to the canceled account if done before the account canceled.

080612. U.S. Army Corps of Engineers (USACE) Contingencies.

A. When USACE performs construction, maintenance, and repair projects on a reimbursable basis, USACE may require an amount included on the order to cover unforeseen contingencies. This amount is determined by USACE and is applied on a percentage basis of the total order. The percentage may vary by geographic region. Ordering activities will obligate for these contingencies.

B. At fiscal year end, reduce contingency obligations to the actual obligations incurred by USACE. To accomplish this, USACE will advise the ordering activity in writing (message is acceptable) of the actual amount it has obligated for contingencies. This will be done not later than September 15 so that there is time to use the funds made available by this adjustment.

C. USACE will advise the ordering activity in writing of the amount it anticipates it will need in the succeeding fiscal year to cover any remaining anticipated contingencies considered to be "within scope contract modifications" to be obligated by the ordering activity. If the contract modifications are not within scope, the ordering activity will obligate contingencies citing current year funds. The exchange of letters or messages may be considered amendments to the original order to avoid the preparation of formal order amendments.

0807 RECORDING OBLIGATIONS

080701. Record obligations in the accounting classification cited on the obligating document. If the accounting classification is in error, request an amendment or contract modification.

★ 080702. Record obligation adjustments for the difference between actual and original amounts. Accounting activities may record obligation adjustments for Army customers

based on certain conditions. See Table 8-8 for a matrix that describes the conditions under which obligation adjustments may be recorded.

080703. Adjust obligations for written changes if they are binding on the contractor without further action.

080704. Record obligations providing for a discount at the net price unless it is not cost effective, according to Treasury guidelines. If the servicing accounting system automatically deobligates the amount of the discount when the discount is taken, then record the obligation at the gross amount.

080705. Record estimates for return of materiel temporarily borrowed from Army Working Capital Fund -Supply Management Army (AWCF-SMA) when items are returned. Adjust to actual when billing is received. For AWCF-SMA, obligate the minimum amount required for the period of the contract.

A. If the contract provides for annual terms with options to extend the terms in subsequent years, obligate for the amount required to be procured by the U.S. Government in the first year. Record the obligation for each option year when the option is exercised.

B. If the contract provides for minimum quantities over a period of more than one year, record the obligation for the sum of the minimum quantities times the agreed price. If the contract provides for minimum dollar amounts for more than one year, record the obligation for the sum of the minimum dollar amounts.

C. Estimate termination costs at least annually for contracts extending for more than one year. Record the obligation for the sum of the guaranteed minimum quantities or amounts unless the sum of the incurred cost and the estimated termination costs are determined to be a lesser amount. In that event, obligate the lesser amount of the incurred cost plus the estimated termination costs.

080706. Record International Military Education and Training (IMET), and Foreign Military Financing (FMF) funds as obligated when received by Army. Adjust obligations to amounts shown on travel authorizations or validated orders when documents are received.

0808 PROCESSING OBLIGATION TRANSACTIONS

080801. There are three methods for recording obligations: on-line input, electronic interface, and hardcopy documentation.

080802. The accounting activity will ensure:

A. All interfacing systems are properly scheduled so all obligation transactions from feeder systems are properly recorded in the appropriate accounting month.

B. All obligation documents received by electronic interface, mail, or facsimile (FAX) from the serviced activity are properly recorded in the appropriate accounting month.

080803. The serviced activity will process on-line updating of obligation data when available. However, if on-line input is not available, the serviced activity will ensure all obligation documents are forwarded by electronic means, mail, or FAX to the accounting activity.

0809 ESTIMATED OBLIGATIONS

Obligations may be recorded based on estimates. When actual obligation amounts become known, reverse and replace estimated obligations with actual obligations. The estimates and reversals are accomplished using DD Form 2406 (Miscellaneous Obligation Document) (MOD). Serviced activities and accounting activities will jointly ensure that the actual obligation document is received to replace the MOD.

0810 SIGNATURES ON OBLIGATION DOCUMENTS

When signatures are required to validate obligations, sign the documents before the cited funds expire. Show the actual date of each signature. When more than one signature is required, record the obligation on the date of the last required signature.

0811 OBLIGATIONS FOR PROBLEM DISBURSEMENTS

081101. When to Obligate. Record obligations for all negative unliquidated obligations (NULOs) and unmatched disbursements (UMDs) within 180 days of the disbursement and for all disbursements charged to an appropriation scheduled to be canceled in the current FY. Record these obligations only upon concurrence of the fund holder.

A. Over-aged Intransit Disbursements. Do not establish obligations for over-aged intransit disbursements in current accounts or expired accounts which will not be canceled at the end of the current FY.

B. Pending Adjustments. Do not obligate for problem disbursements if you have submitted a correcting adjustment to the accounting activity; however, the correcting adjustment has not been processed yet. Evidence of a pending correcting adjustment is an approved SF 1081 or similar adjustment document. This does not include rejection of an erroneous or unsupported disbursement.

C. Credit Problem Disbursements. Obligate for problem disbursements with a positive balance only. Do not obligate when you have a credit problem disbursement balance.

D. Refunds Receivables. Do not obligate for a verified, true overpayment or duplicate payment for which a demand letter was issued. This includes travel advances for which a debt notification letter was issued. This also includes overpayments for purchases of Army medical unit assemblages while awaiting credits from the Defense Personnel Support Center.

E. Standard Army Retail Supply System/Standard Army Financial Inventory Accounting System (SARSS/STARFIARS) Credit Obligations. The SARSS/STARFIARS systems produce off-setting positive and negative obligation amounts for open Army consumer fund requisitions. The resulting stand-alone credit obligations produced by these systems may be excluded from the problem disbursement procedures.

081102. Recording Obligations.

A. If the problem disbursement is not resolved within 180 days after the disbursement date and it is not an exception listed in paragraph 081001, or if it is charged to a canceling appropriation, the fund holder must provide the accounting activity an obligation document to fund the unresolved UMD or NULO. Only the fund holder can authorize correcting obligations against their funds. The fund holder must provide the obligation document within five days following the expiration of the 180 day period.

B. Record the obligation as an interim obligation in element of resource (EOR) 4810 or 4820. Use EOR 4810 for recording an obligation for NULOs and EOR 4820 for UMDs. The amount should be the disbursement minus the obligation. Do not change any other part of the original accounting classification. Do not move the disbursement to EOR 4810 or 4820 to match the obligation. The disbursement should remain in the original EOR so that the interim obligation remains on the reports. Report interim obligations on the monthly reports until resolved.

C. Retain the resulting obligations until the condition is satisfactorily resolved. Resolve the interim obligation by either:

1. Moving the disbursement to liquidate an obligation already recorded and reversing the temporary obligation recorded in EOR 4810/4820; or

2. Establishing the obligation correctly in the accounting system, moving the disbursement to liquidate the proper obligation and reversing the temporary obligation recorded in EOR 4810/4820.

D. There should be no obligations in EOR 4600 or 4610.

E. Record an obligation in the accounting classification on the disbursement voucher for approved suspended research transactions, but change the EOR to 4900. Also change the EOR of the disbursement to EOR 4900, but do not change any other part of the accounting classification. When the fund holder agrees, make a single obligation adjustment

entry in EOR 4900 in each appropriation for the sum of UMDs and NULOs for which research has been terminated. Retain records supporting the entries for audit. Do not include the obligation entries for suspended research transactions in the monthly reports.

0812 OBLIGATION DOCUMENTATION

081201. Requirement. Documentary requirements for recording obligations are provided in 31 U.S.C. 1501(a). The remainder of this section lists typical types of obligation documentation and also provides suggested ways to control and/or validate the information on the obligation document. Obligations will not be recorded without proper documentation.

081202. DD Form 2406 (Miscellaneous Obligation Document (MOD)). The MOD can be used as a temporary obligating document. See section 0809.

081203. Personnel Compensation and Benefits (Excluding PCS Costs).

A. Typical obligation documents are:

1. Payroll systems output.
2. DD Form 2406. This may be used to record estimated obligations for new employees, projected overtime for a specific pay period, lump-sum leave, personnel cost transfers, cash awards, and manual payroll costs.
3. SF 50 (Notification of Personnel Actions).
4. DA Form 1256 (Incentive Awards Nomination and Approval).
5. DA Form 2441 (Suggestion Award Certificate).

B. Standards used to control/validate:

1. Ensure there is a valid standard document number (SDN).
2. Ensure number of unpaid but accrued workdays on monthly payroll MODs are correct.
3. Ensure totals on payroll MODs agree with DD Form 592 (Payroll for Personal Services-Certification and Summary) and are reversed out at the beginning of the subsequent month.
4. Ensure that payroll data is prepared, verified, and controlled for recording accrued payroll expenses into the accounting system.

5. Ensure both activities approve personnel cost transfers. Cost transfers will not affect the fiscal year, basic symbol, limit/subhead, program year, operating agency, or allowance/allotment serial number.

081204. Personnel Compensation and Benefits Associated with PCS.

A. Typical obligation documents are:

1. DD Form 1614 (Request and Authorization for DoD Civilian Permanent Duty Travel).

2. DD Form 2406. This may temporarily be used in advance of formal documentation that should follow within 30 days.

B. Standards used to control/validate:

1. Ensure there is a valid SDN.

2. Validate accounting classification, including EORs, to the purpose and scope of the orders. (See DFAS-IN Manual 37-100-FY).

3. Ensure all PCS orders include an authorization and an obligation for transportation of things (except for local moves).

4. Ensure orders contain proper fund cites.

5. Ensure estimates are reasonable.

081205. Compensation for Travel, Per Diem, and Transportation of Persons (Excluding PCS).

A. Typical obligation documents are:

1. DD Form 1610 (Request and Authorization for TDY Travel of DoD Personnel).

2. DD Form 652 (Meal Ticket).

3. SF 1164 (Claim for Reimbursement for Expenditures on Official Business).

4. SF 1169 (U.S. Government Transportation Request).

5. SF 1034 (Public Voucher for Purchases and Services Other Than Personal).

B. Standards used to control/validate:

1. Ensure there is a valid SDN.
2. Monitor document timeliness and maintain statistics by serviced activity.
3. Monitor document quality for completeness and accuracy, returning those needing additional or corrected information. Maintain statistics on returned documents by serviced activity.
4. File documents by the month travel commences if automated aging is based on accounting office's processing date.
5. Validate accounting classifications including EORs to the purpose and scope of the orders (see DFAS-IN Manual 37-100-FY).
6. Ensure travel order costs crossing fiscal years are properly prorated. (Note: "Subject to availability of funds" statement is required when spanning fiscal years).
7. Obligate travel orders for transportation provided by the Air Mobility Command when received from the appropriate budget office. The SDN will be created in accordance with Table 5-4. The accounting activity will use this SDN to hold travel orders pending receipt of the Air Mobility command bill from the Air Force via cross-disbursing.

081206. Transportation of Things (Except PCS Household Goods (HHG) shipments)).

A. Typical obligation documents are:

1. SF 1103A (U.S. Government Bill of Lading (GBL)-Memorandum Copy).
2. SF 1203 (U.S. Government Bill of Lading-Privately Owned Personal Property).
3. SF 1169 (U.S. Government Transportation Request).
4. DD Form 1155.
5. DD Form 1348-1 (DoD Single Line Item Release/Receipt Document).

B. Standards to control/validate:

1. Ensure there is a valid SDN.
2. Ensure that all GBLs, demurrage, and detention documentation are certified by the transportation officer.
3. Monitor timeliness of transportation documents.
4. Ensure bulk fund cites to transportation officers are fully obligated and adjusted based on receipt of SF 1169.

081207. Contracts.

A. Typical obligation documents by contract type are:

1. Leases and rentals.
 - a. DD Form 1155.
 - b. SF 33 (Solicitation, Offer, and Award).
 - c. SF 30 (Amendment of Solicitation/Modification of Contract).
 - d. DD Form 2406. This may be used to record obligations for contracts that have been let but hard copy document has not been received. Upon receipt of the hard copy document, reverse out the MOD and record the contract.
2. Printing and publication.
 - a. Government Printing Office (GPO) Form 2511 (Print Order).
 - b. GPO Form 1026A (Print Order for Marginally Punched Continuous Forms).
 - c. GPO Form 1476 (Government Printing).
 - d. DD Form 282 (DoD Printing).
 - e. SF 1 (Printing and Binding Requisitions).
3. Communications and utilities. The usual obligation document is DD Form 2406 pending receipt of contract or other permanent document.

4. Reimbursable services.
 - a. DD Form 448-2 (Acceptance of Military Interdepartmental Purchase Request).
 - b. DD Form 1144 (Support Agreement).
 - c. Memorandum of Agreement (MOA).
 - d. Memorandum of Understanding (MOU).
5. Types of purchase orders.
 - a. SF 33.
 - b. SF 30.
 - c. DD Form 1155.
 - d. SF 44 (Purchase Order-Invoice-Voucher).
6. Types of delivery orders. Usually DD Form 1155.
7. Miscellaneous contracts.
 - a. SF 23 (Construction Contracts).
 - b. SF 33.
 - c. SF 30.
 - d. DD Form 1556 (Request, Authorization, Agreement Certification of Training and Reimbursement).
 - e. DD Form 448-2. When a direct fund cite is used, the performing activity will provide a copy of the contract or other obligating document to the ordering activity. This will provide the documentation required to record the obligation. If not using direct fund cite, the ordering activity will obligate upon receipt of the accepted DD Form 448-2.
 - f. Letter Contracts or Letters of Intent.

B. Standards used to control/validate are:

1. Leases and rentals.
 - a. Ensure there is a valid SDN.
 - b. Ensure input into correct month and fiscal year.
2. Printing and reproduction.
 - a. Ensure there is a valid SDN.
 - b. Ensure that obligation documents contain proper accounting classifications and properly distinguish between inside or outside the U.S. Government.
3. Communications and utilities.
 - a. Ensure there is a valid SDN.
 - b. Ensure that MODs are adequately supported with documentation for estimates applicable to specific accounting periods.
4. Reimbursable services.
 - a. Ensure there is a valid SDN.
 - b. Ensure obligation documents contain the name and phone number of the point of contact to determine status.
 - c. Ensure that obligation documents reflect signatures and dates. DD Forms 448 generated by Corps of Engineers automated system will contain an electronic authentication and will not have a handwritten signature.
5. Purchase orders.
 - a. Ensure there is a valid SDN.
 - b. Ensure documents are coded according to obligation rules and in an amount net of discount, if warranted.
 - c. Ensure proper approval on documents.
6. Delivery orders.
 - a. Ensure there is a valid SDN.

- b. Ensure that a contractual agreement (Requirements Contract) has been negotiated and signed before processing a delivery order.
 - c. Ensure that the contract number and the number on the delivery order agree.
 - d. Ensure that if there is a discount involved, the obligation is recorded net of discount.
7. Miscellaneous contracts.
- a. Ensure there is a valid SDN.
 - b. Record transactions according to obligation rules specified in this chapter and the DoDFMR, Volume 3. Record net of discount, if warranted.
 - c. Ensure validity of the coded fund cite.

081208. Supplies and Materials (Excluding AWCF-SMA).

- A. Types of obligation documents used are:
 - 1. DD Form 1155.
 - 2. SF 44.
 - 3. SF 33.
 - 4. SF 30.
- B. Standards used to control/validate:
 - 1. Ensure there is a valid SDN.
 - 2. Record amounts net of discounts, if warranted.
 - 3. Ensure proper certification and signature on documents.
 - 4. Check unit amounts on orders for reasonableness. Contact activities on questionable items before processing.

081209. Supplies and Materials (AWCF-SMA).

- A. Typical documentation includes:

1. Obligation, accrual, and disbursement data created from the financial inventory accounting system interfacing with the consumer fund accounting system. This includes on-post customers.

2. Obligation, accrual, and disbursement data from manual documents generated to supplement the various automated systems.

B. Standards used to control/validate:

1. Ensure there is a valid SDN.

2. Ensure that automated interfaces utilize the most current data files for each cycle. With the lack of physical documentation for the AWCF-SMA transactions, the verification of input and balance forwarded data is imperative.

3. Post acquisition authority by materiel category, as approved.

4. Clear prior-cycle rejected transactions on a daily basis in coordination with supply activities.

5. Research and clear suspense transactions within 120 days.

6. Ensure that financial code table files are accurate.

7. Process bills on time and against current unbilled transactions.

0813 FORWARDING DOCUMENTATION TO ACCOUNTING ACTIVITY

081301. Serviced activities that do not have access to automated obligation systems will send required obligating documents to the servicing accounting activity immediately after the documents are completed. Serviced activities transmitting obligation transactions to the accounting activity via automated systems interfaces or via direct system access will not send the hard-copy documents to the accounting activity. Instead, the serviced activity will retain these documents IAW AR 25-400-2 for future use (e.g., auditors, joint reviews).

081302. When obligating officials make direct input to automated accounting files, enter transactions not later than the following day, except at month-end when input must be made by the accounting activity established cutoff date. (Note: This should be the last workday of the month).

081303. When documents are sent to accounting activity, submit them not later than the following day, adhering to the accounting activity established month-end cutoff date.

081304. In the absence of a normal obligating document, prepare and send interim documentation, including:

- A. Document number and date the authorizing officials signed the obligating document.
- B. Contractor's name and address.
- C. Actual or estimated amount.
- D. Quantity and/or description of items or services being procured.
- E. Complete accounting classification.
- F. Statements that all required signatures have been obtained and the obligating document has been sent or estimated date that it will be sent.

081305. Use a DD Form 2406 to record valid obligations for which the proper obligating source document is currently not available, such as for utility services and payroll. The DD Form 2406 may be used to obligate supply requisitions if supported by the obligating source document (for example, for supply requisitions, DD Form 1348-1 (DoD Single Line Item Release/Receipt Document), that have been processed by the area's servicing stock record officer. {NOTE: DA Form 2765-1 (Request for Issue or Turn-In) is a commitment document, not an obligation document. This is also true for DA Form 3953.} Do not use MODs to record obligations until the following information, as a minimum, is provided and included:

- A. Identification of the proper existing, but currently unavailable, obligation document.
- B. Identification numbers of the proper obligating source document, date the source document was signed, and the amount.
- C. Other pertinent facts necessary to specifically identify the obligation.

0814 **RECONCILING ELECTRONIC INTERFACES OF OBLIGATION TRANSACTIONS**

081401. The accounting and serviced activities are jointly responsible for reconciling the electronic interfaces of obligation transactions.

081402. The accounting activity will advise the serviced activity of any noted problems.

081403. The serviced activity will:

A. Ensure all known obligation transactions are input on-line or transmitted to the accounting activity, correctly and timely for inclusion in the accounting records.

B. Retain hardcopy obligation records.

0815 OBLIGATION ADJUSTMENTS IN EXPIRED ACCOUNTS

081501. See the DoDFMR, Volume 3, Chapter 10 for additional information.

081502. Army activities will not exceed approval levels established in the DoDFMR without permission from HQDA. Send requests for approval to the Assistant Secretary of the Army (Financial Management and Comptroller), Budget Execution and Policy Division, ATTN: SAFM-BUC-E, Room 3B680, 109 Army Pentagon, Washington, DC 20310-0109. The requests will contain the following documentation:

A. Appropriation (department, fiscal year, and basic symbol).

B. Program, project, or activity.

C. Amount of adjustment (dollar value, standard document number, and contract/modification number).

D. Include contract number, name of contractor, purpose of contract, and synopsis of additional work required by contract change. Written documentation supporting these charges/adjustments as a legitimate use of expired appropriations. "Within scope change" will require interpretation by legal counsel and/or a contracting officer at the local level. This statement will include the name, title, and telephone number of the individual making this determination.

E. Original value of the obligation.

F. Date of original obligation.

G. Amount of prior upward adjustments and recoveries by fiscal year.

H. Justification for use of expired funds for the proposed restoration, including legal and policy reasons.

I. Statement of the cumulative total of approved change requests for the "program, project, or activity," including this request, in current fiscal year.

J. The request for approval shall contain the statement: "Sufficient justification and documentation is retained at this headquarters and/or subordinate activities."

K. Army activities must realize it will take time to prepare the request, coordinate, provide to DoD Comptroller, and receive approval back. ABO will obtain all appropriate Army staff/Secretariat coordinations and submit the request with the documentation attached to the DoD Comptroller for review and approval within 30 days. ABO will notify the Army activity of approval or disapproval. Army activities will include approvals and retain complete documentation including required statements for future review and audit.

L. Obligations will not be recorded until approval is received by HQDA.

0816 RECORDING OBLIGATION ADJUSTMENTS

★ 081601. The accounting and serviced activities are jointly responsible for ensuring necessary adjustments are made to obligations. Maintain supporting documentation for obligation adjustments either at the accounting activity or the serviced activity.

081602. The serviced activity will:

A. Use electronic interface to input contract modifications. Automated interfaces from the standard contracting system should accomplish most adjustment requirements.

B. Make maximum use of on-line input and electronic interfaces when making input from hardcopy source documents. Where no electronic interface exist, the serviced activity will use mail or FAX capabilities to submit obligation documents to the accounting activity for input.

C. Provide a point of contact (POC) to the accounting activity for resolving problems with contracting, logistics, engineering, and other functional activities.

081603. The accounting activity will:

A. Report exception conditions to the serviced activity for resolution.

B. Schedule appropriate reconciliation cycles between the logistics systems and the accounting systems. The accounting activity will provide prompt results to the serviced activity, as required.

C. Make maximum use of liquidation coding procedures when processing disbursements/collections and/or during partial payment/final payment reviews to verify unliquidated obligations (ULOs) retained in the accounting database.

081604. Major problems requiring more than routine courses of action will be coordinated between the accounting and serviced activity.

★ 081605 HQDA and the DFAS Indianapolis Centers have agreed that under certain conditions the DFAS Indianapolis Network may record or adjust obligations. The conditions are described in the Obligation Adjustment Matrix which is at Table 8-8.

0817 FOREIGN CURRENCY FLUCTUATION PROGRAM OBLIGATIONS

★ 081701. See the DoDFMR, Volume 3, Chapter 8 and Volume 6, Chapter 7 for additional guidance. The obligation will be recorded at the budget execution rate in effect at the time the appropriation was approved. The Office of the Secretary of Defense (OSD) publishes budget execution rates at the beginning of each FY. If the new budget execution rates are not published by the start of the new FY, continue to use the previous FY's rates until the new rates are published. When the new rates are published adjust the obligations that have been recorded accordingly.

081702. Include the type of currency and the budget rate on the obligating documents. Use the foreign currency code (see DFAS-IN Manual 37-100-FY) in lieu of the inside/outside U.S. Government data code.

081703. Foreign currency fluctuation procedures do not apply when the performing activity is funded by the DWCF.

081704. Certain contracts for fixed U.S. dollar amounts contain a clause providing for disbursements in foreign currency at the exchange rate current on the date of disbursement. The U.S. dollar amount paid is the same fixed amount, but U.S. dollars are converted to foreign currency at the time of payment. While the contract is payable in a foreign currency, the value of the contract itself is not based on a foreign currency or an exchange rate. The gain or loss on exchange is shifted to the payee/contractor. Contracts of this type are not included in the foreign currency fluctuation accounting process.

0818 SECTION 3732 AUTHORITY

081801. See the DoDFMR Volume 3, Chapter 12 for additional information.

081802. This authority will be administered by using the Program and Budget Accounting System (PBAS).

081803. The commander authorizing the over-obligation will prepare a written report, in letter form, and forward it through command channels to the Assistant Secretary of the Army (Financial Management and Comptroller), Budget Execution and Policy Division, ATTN: SAFM-BUC-E, Room 3B680, 109 Army Pentagon, Washington, DC 20310-0109, to arrive not later than 10 days after the end of the month in which the over-obligation occurred. The report will contain a summary of all pertinent facts including:

A. Name of installation or organization and date the over-obligation occurred.

- B. Accounting classification of the funds involved.
- C. Amount of over-obligation.
- D. Description of the cause and circumstances which warranted the emergency circumstances.
- E. Date funds were received to cover the over-obligation.
- F. Listing of items procured (for example, clothing, subsistence, fuel, quarters, transportation, or medical supplies).

0819 RECOVERIES

★ Record all prior year (including X year) downward obligation transactions as recoveries (transaction code (TRC) 1D). Do not record any prior year downward obligation transactions as credit obligations (TRC 1J). The term prior year means any year that is not the current year, including unexpired appropriations not in initial year of availability as well as expired appropriations. Downward obligation transactions are any transactions that reduce the amount of an obligation. Downward obligation transactions include, but are not limited to, adjustments, corrections, reductions and cancellations. Record current year downward obligation transactions as credit obligations. Correction of an accounting error should be handled as a reversal of the original transaction. Accounting errors are where the supporting documents are correct; however, the entry into the accounting system was made incorrectly. Accounting errors do not include adjustments of previous obligation adjustments (e.g., payroll or contract MODs). Appropriation 1805, Cemeterial Expenses, Army is an exception to the requirements of this paragraph. Do not offset prior year recoveries with correction of prior year accounting errors. Record each type of transaction separately.

0820 OPTIONAL UNBILLED LIABILITY POLICY

082001. The policies in this paragraph may be used for writing off certain liabilities and related obligations. The requirements common to all such transactions are as follows:

- A. Do not adjust the obligation if the contractor, U.S. Government activity, or individual has an outstanding advance related to the obligation.
- B. For appropriations that expire, the write-off and recovery are not authorized until the account expires. AWCF funds can be recovered any time if all other criteria are met; and

C. Reserve a portion of the unobligated funds generated within each appropriation for valid invoices, bills, or vouchers received after write-off. Establish a 40 percent reserve until local experience dictates otherwise.

082002. For contracts or purchase orders placed with commercial vendors, liabilities may be written off and related obligations recovered if:

A. Goods or services were received but no invoice or statement was received for at least 180 days from the date of acceptance of the goods or services; and

B. At least two written requests were made for an invoice during the 180 days and the second request is dated at least 60 days before the write-off or recovery; and

C. Copies of the request are on file in the accounting activity where the recoveries are recorded. These requests must be addressed to the vendor. Requests made to paying activities do not qualify. When the paying and accounting activities are different, the paying activity will request invoices and provide copies to the funded fiscal station.

082003. The authority to recover does not allow closing the related contract files in either the purchasing and contracting office or the accounts payable office.

082004. For orders or agreements with U.S. Government activities, liabilities may be written off and related obligations recovered if:

A. Goods or services were received but no bill was received for at least 180 days from the acceptance date of the goods or services; and

B. At least two written requests were made for a bill during the 180-day period and the second request is dated at least 60 days prior to the write-off or recovery; and

C. Copies of the request are on file in the accounting activity where the recovery is recorded; and

D. There are no uncleared transaction by others (TBOs) identified with the billing office if it is an Army billing office.

082005. For MILSTRIP requisitions, liabilities may be written off and related obligations recovered if the following occurs: (See Chapter 20 for interfund procedures.)

A. Materiel was received and no interfund bill or its equivalent was received for at least 180 days from the date of materiel acceptance; and

B. At least one routing document identifier code (DIC) FAE and one DIC FAF record was submitted with billing advice code 034 during the 180 days with the FAF record submitted at least 60 days prior to the date of write-off or recovery; and

C. Copies of the FAE/FAF records are on file in the accounting activity where the recovery is recorded.

D. No line item for the same requisition number is in the accounting activity's suspense account (21F3885).

082006. For travel orders, estimated liabilities may be written off and related obligations recovered if:

A. No travel voucher was received for at least 180 days after the estimated completion date of the travel; and

B. At least two written requests during the same 180-day period were sent to the traveler requesting that a voucher be submitted, with the second request sent at least 60 days prior to the write-off or recovery; and

C. Copies of the request are on file in the accounting activity where the recovery is recorded.

D. The above does not apply if a travel advance was paid. Advance must be recouped in accordance with Chapter 17.

BASIS FOR RECORDING OBLIGATIONS			
Contract Type	Appropriation Year	Basis for Recording Obligation	Obligation Amount 1
1. Government Charge Card	Current	Historical	Estimated monthly purchases.
2. Cost Reimbursable	Current	Contract Award	Full Amount
3. Cost-Plus-Fixed-Fee	Current	Contract Award	Full amount of contract, including the fixed fee.
4. Cost-Plus-Incentive-Fee	Current	Contract Award	Full amount of contract, including the incentive fee.
5. Cost-Plus-Award-Fee	Current	Contract Award	Full amount of contract, not including the award amount. Obligate award when determined that award will be paid. Obligation for award is against same appropriation and FY used for contract.
6. Cost Reimbursable with Delivery Orders	Current	Contract Award and deliver orders	Minimum liability of the U.S. Government when contract awarded. Obligate additional funds over minimum for each order when placed.
7. Firm Fixed Price	Current	Contract Award	Full Amount
8. Firm Fixed Price with Escalation Clause	Current	Contract Award	Target Amount
9. Indefinite Delivery, Indefinite Quantity	Current	Contract Award and delivery orders	When contract is awarded obligate minimum liability of U.S. Government. Obligate additional funds over minimum for each order when placed.
10. Indefinite Delivery, Definite Quantity	Current	Contract Award	Full amount for quantity required in current year. 2
11. Job Order Contracts	Current	Contract Award	Minimum liability of U.S. Government and delivery orders in excess of the minimum liability.
12. Letter Contract	Current	Upon Issuance	The amount of maximum legal liability. 3
13. Letter Contract	Current	When Definitized 4	Adjust the recorded obligation to equal the contract amount.
14. Non-severable contract. 5	Current	Contract Award	Full amount unless restricted by other obligation rules.
15. Purchase Order \$100,000 and less.	Current	Upon Issuance	Full Amount
16. Purchase Order over \$100,000.	Current	Upon written acceptance or constructive acceptance based on delivery	Full Amount
17. Requirements	Current	Delivery Order	Amount of delivery order
18. Reserve Officer Training	Current/Next Subject to fund availability	Completion of 45 day period during first year	Full amount of the contract for the academic year
19. Severable contracts: a. contract for services not to exceed 12 months. b. contract exceeds 12 months. 6	Current	Contract Award	a. Full amount of contract. b. Amount necessary to fund contract to end of appropriation's life. Remainder of contract must be obligated with subsequent years' funding
20. Subscriptions/periodicals	Current	Contract Award	Full Amount for subscription periods offered by the vendor 7

Table 8-1

Contract Type	Appropriation Year	Basis for Recording Obligation	Obligation Amount
21. Time and Material	Current	Contract Award and Delivery Orders	Minimum liability of U.S. Government exclusive of permitted variations. Obligate additional funds for each delivery order when order is placed.
22. Training in a civilian institution when training begins and ends in the current FY	Current	Contract Award	Full Amount
23. Training in a civilian institution when training begins in the current FY but ends in the next FY	Current	Contract Award	Full Amount
24. Training in a civilian institution when all of the following conditions exist -- 8 a. Training begins within the first 90 days of the next FY, and b. Training is not readily available from other sources, 9 and c. Institution requires a non-cancelable contract/advance payment before the end of the current FY to reserve a space in the course or to pay for instructors.	Current	Contract Award	Full Amount

Notes:

- 1 Obligate contracts net of discount unless system automatically reduces obligation when discount taken.
- 2 Delivery is required in current FY but not necessarily deliverable by the contractor in the current FY.
- 3 Letter contracts are superseded upon definitization, and the total cost of the definitized contract, less either the actual costs incurred under the letter contract (when known), or the maximum legal liability permitted by the letter contract (when actual costs cannot be ascertained), is obligated against the appropriation current at the time the parties enter into the definitized contract.
- 4 Definitized means when the total contract costs are determined.
- 5 Non-severable contracts are for single undertakings. For example, painting a building.
- 6 Severable contracts, for purposes of performance, are continuing and recurring in nature, such as for rents or for performance of purely personal services with compensation fixed in proportion to the amount of work performed.
- 7 Per 31 U.S.C. 3324, this includes "Charges for a publication printed or recorded in any way for the auditory or visual use of the agency."
- 8 Tuition payments can be made in advance during the current FY only if the obligation is also properly chargeable to the current FY. Making advance payments to obtain discounts for obligations properly chargeable to the next year's funds is specifically prohibited by 31 U.S.C. 3324.
- 9 Courses meeting this requirement are generally only offered once a year and options for similar courses meeting the same training requirement are not available.

Table 8-1 (continued)

{PRIVATE }	
OBLIGATIONS FOR INTRA-GOVERNMENT AGREEMENTS	
If the obligation is for -	Obligate -
1. a project order (4 U.S.C. 23), or an Economy Act (31 U.S.C. 1535)	the amount of the order using funds current when the performing agency accepts it.
2. an order to another military department accepted as direct citation procurement,	the contract or other obligating document citing ordering activity's current funds when received from the performing activity who issues/awards a contract or other obligating documents citing ordering activity's current funds, not when the MIPR is accepted. ^{1, 2}
3. an order issued to another U.S. Government agency as required or authorized by law. ³	the amount of the order using funds current when the order is issued.
<p>Notes:</p> <p>¹ Required by law means orders must be placed with a particular agency. There are no other options. authorized means there are other options for agencies. (For example, some other statutory authority which exists other than the Economy Act.) They may place orders with the U.S. Government agency, such as GSA, or order through other channels.</p> <p>² The performing activity will forward obligation documents to the issuing activity when the direct fund cite method is used. The issuing activity cannot obligate funds until these documents are received.</p> <p>³ If the amount of the contract or other obligating document is less than the amount on the MIPR, then only obligate the amount of valid obligations incurred; not the total amount cited on MIPR.</p>	

Table 8-2

{PRIVATE }	
★OBLIGATIONS FOR MILITARY PERSONNEL SERVICES AND BENEFITS	
If the obligation is for -	Obligate -
1. pay and allowances of active duty personnel, including those on active duty for training (ADT) for more than 30 days,	entitlements earned in the month services are rendered based on current information on pay rates and allowances applied to current strength and on statistical reports.
2. the U.S. Government's share of Federal Insurance Contribution Act (FICA) taxes,	in the same period as the related earnings.
3. pay and allowances of annual training (AT) personnel or those on ADT for 30 days or less,	entitlements earned in the month training begins, based on individual or group AT or ADT orders, limiting obligations in any FY to training performed in that FY.
★4. meal checks	funds current when bank bills DoD for their services. Do not obligate when meal check is issued to individual.
★5. subsistence (mess hall meals and rations) in kind,	when the requisition or order is placed or issued and based on either written estimates of the cost of subsistence furnished by others under cross-servicing agreements and contract feeding, or evidence of payments for garrison rations.
★6. enlistment/reenlistment bonuses,	funds current in the month entitlement is earned. ^{1,2,}
NOTES: ¹ Approving official certifies service member met requirements for earning the bonus as of that month. Obligate funds current as of that month. (Examples: (a) Service member successfully completes requirements for bonus in August. Approving official certifies in August that requirements were completed and entitlements were earned in August. Obligate fiscal year funds current for the month of August. (b) Service member completes requirements for earning the bonus in August. However, approving official does not certify until November that requirements were completed and the entitlement to the bonus was earned in August. Obligate fiscal year funds current for the month of August. (c) Service member is <u>projected</u> to complete requirements for earning the bonus in August, however, requirements for earning the bonus are not completed until November, the following fiscal year. Approving official certifies in November that requirements were completed and entitlement to the bonus was earned in the month of November. Obligate fiscal year funds current in the month of November.) ² Specific authorization must be included in the DoD Authorization Act <u>each fiscal year</u> before bonuses can be paid.	

Table 8-3

<p style="text-align: center;">{PRIVATE }</p> <p style="text-align: center;">OBLIGATIONS FOR CIVILIAN PERSONNEL SERVICES, INCENTIVE AWARDS AND SEVERANCE PAY</p>	
If the obligation is for -	Obligate -
1. civilian salaries, wages and fringe benefits, ¹	when earned including month-end accruals.
2. accrued annual leave, a. Non-WCF b. WCF	when leave is taken. when earned or advanced.
3. other items such as uniform allowances, incentive awards, allowances for foreign national employees (for example, seasonal bonuses)	in the month of entitlement. ²
4. lump sum for annual leave payment - non WCF,	funds current on the date of separation/retirement.
5. voluntary separation incentive program (VSIP) and voluntary early retirement agreement (VERA),	funds current when employee accepts and signs the agreement.
6. severance pay and the employee is - a. a U.S. civilian paid from appropriated funds, b. a foreign national (non-U.S. citizen) paid from appropriated funds,	<p>★a. obligate when due and payable, regardless of when disbursed. If paid on a pay-period by pay-period basis, record an obligation each pay period. If paid in lump sum, record the entire amount when due.</p> <p>b. obligate allowances as earned, on a pay-period by pay-period basis, based on the governing Status of Forces Agreement (SOFA), Master Labor Agreement, or other host-nation agreement.^{3, 4, 5}</p>
<p>Notes:</p> <p>¹ The obligation is usually based on the most recent pay period disbursement amount.</p> <p>² Obligate civilian personnel incentive awards in the month of entitlement. The month of entitlement is the month the final approving authority signs the incentive award. Payment of the award in the next fiscal year does not effect the timing of the obligation.</p> <p>³ Do not obligate appropriated funds for separation allowances earned by foreign national employees during periods of employment by nonappropriated fund instrumentalities (NAFIs).</p> <p>⁴ If a foreign national employee transfers from one service component to another, then the losing component is liable for the accrued adjusted separation allowances up to the time of separation, including all subsequent fluctuations in the foreign currency exchange rate applicable to those funds accrued until transfer. The gaining service is responsible for all other costs.</p> <p>⁵ If a foreign national employee transfers within DA, then the losing organization sends the gaining organization an SF 2806 (Individual Retirement Record) stating the separation allowance that accrued to the employee from his/her date of employment to his/her date of transfer. The gaining organization becomes responsible for all severance pay earned.</p>	

Table 8-4

<p style="text-align: center;">{PRIVATE }</p> <p style="text-align: center;">★OBLIGATIONS FOR TRAVEL AND TRANSPORTATION</p>	
If the obligation is for -	Obligate -
<p>1. Temporary Duty (TDY) -</p> <p>a. transportation,</p> <p>b. per diem allowances and other reimbursable costs,</p> <p>c. under blanket travel orders with an indefinite itinerary,</p>	<p>not later than the month in which the travel begins for -</p> <p>a. the total estimated cost of the travel. ¹</p> <p>b. either the estimated costs on a monthly accrual basis, or the total estimate before the travel starts. ^{2,3}</p> <p>c. the estimate of travel expenses to be incurred in the month.</p>
<p>2. permanent change of station (PCS) for -</p> <p>a. civilian personnel.</p> <p>b. military personnel.</p>	<p>funds current -</p> <p>a. when PCS orders are issued, includes reimbursable expenses such as estimates for per diem, real estate expenses, Relocation Income Tax Allowance (RITA), temporary subsistence, relocation services, or transportation requests and GBLs expected to be issued.</p> <p>b. on the effective date of the orders (Appendix A, Volume 1, JFTR). Includes the estimated costs of per diem; relocation allowance, travel and transportation of the soldier, dependents, household goods (HHG); and privately owned vehicles (POV).</p>
<p>★3. commercial storage of HHG involving more than one year due to PCS,</p>	<p>★funds current in the FY contract is awarded if contract does not exceed 12 months. If contract exceeds 12 months, obligate funds current in the FY services are rendered.</p>
<p>4. a U.S. Government bill of lading (GBL), and transportation is separate from the purchase contract, and the carrier accepts the property in a later FY,</p>	<p>expected cost of the transportation to be furnished from funds current when the carrier accepts the property.</p>
<p>Notes:</p> <p>¹ All other costs are obligated in the FY incurred, for example, if a POV is used, obligate funds current when travel is performed. This applies equally to an annual appropriation and the final year of a multi-year appropriation.</p> <p>² Use the latter method for TDYs of 30 days or less.</p> <p>³ When started in one FY and finishing in another FY, obligate estimated costs to be incurred in each of the applicable FYs.</p>	

Table 8-5

{PRIVATE} MISCELLANEOUS RULES	
If the obligation is for -	Obligate -
1. a valid loan agreement,	the amount of the loan to be made.
2. a loan guaranteed under 50 U.S.C. 2091,	the amount of the loan to be made when the guaranteeing agency buys the loan.
3. a grant or subsidy,	the actual amount of the grant or subsidy payable.
4. a liability under pending litigation, a. with a condemnation suit filed without a declaration of taking, ¹ b. with a condemnation suit filed with a declaration of taking, ¹	a written estimate of the liability that will result- a. based on a written legal determination. b. when the amount required to be deposited with a court under declaration is paid.
5. a valid judgment,	funds current when the judgment is rendered, but not until payment is authorized.
6. a claim payable by law,	when the claim is approved. ²
7. other legal liabilities of the U.S. Government,	based on documentation or legal determination.
8. public utilities (that is, electricity, gas, water, telephone),	funds current in the month the billing period ends, even if the billing period is split between FYs.
9. IMET/FMF training orders,	funds current when either funded orders or valid travel authorizations are received. ³
10. items bought by an imprest fund	Funds current when the imprest fund is reimbursed. Imprest funds should be reimbursed at year-end.
11. interest-penalty charges under Prompt Payment Act (PPA),	funds available for administration of the program for which interest was incurred.
12. contract ratification	when the U.S. Government's liability was incurred.
13. a materiel requisition,	funds current when the requisition is submitted/placed by the area's servicing stock record officer.
14. settlement of a claim,	funds using the same obligation rules that would be used for normal contracts.
15. court/Armed Services Board of Contract Appeals judgment-(judgment includes monetary award and may also include interest).	funds current at the time of monetary award to reimburse the judgment fund. If sufficient current funds are not available, the next appropriation may be used. This will not result in an Antideficiency Violation. (63 Comp Gen 308, 1984).
16. contract litigation costs, if separately stated in the settlement agreement or as a result of judgment.	funds current at the time of settlement or award. (28 U.S.C. 2412 (D)(4)); 5 U.S.C. 504.
17. Liabilities evidenced by expenditure documents,	the amount of the invoice/bill paid. The invoice/bill may be used as the obligating document.
Notes:	
¹ "Declaration of taking" is a statement of intent to seize private property for public use under eminent domain (40 U.S.C. Title 40, Section 58a - 258e). If the declaration is filed after the determination is issued, adjust the original amount to amount stated in the determination	
² When final approval is required at a higher level than the funded installation and the amount approved exceeds the installation's available funds, defer recording the obligation until enough funds are received to cover the increased amount. This is not an Antideficiency Violation.	
³ Obligate funded IMET orders when received by training activities using funds cited on the order regardless of when the travel or training starts. Funded IMET orders cannot be used to obligate funds of succeeding FYs. Adjust obligations based on actual student input and travel/living costs.	

Table 8-6

★OBLIGATIONS FOR ADJUSTMENTS	
If adjustment is -	then -
<p>1. a. to a contract with a commercial contractor or U.S. Government agency; or</p> <p>b. for increases or decreases resulting from decisions under Public Law 85-804 correcting mistakes or formalizing informal agreements (FAR, Section 50.302-3); ² or</p> <p>c. for contingent liabilities existing under indemnification or equitable adjustment clause; ³ or</p> <p>d. for discretionary cost increases in a cost reimbursement contract exceeding contractually stipulated ceilings and not based on an antecedent liability enforceable by the contractor, ⁴</p> <p>e. a within scope contract modification for a Defense Environmental Restoration program contract citing Defense Environmental Restoration Activities (DERA) funds transferred to operation and maintenance, Army (OMA).</p>	<p>obligate one of the following as appropriate:</p> <p>(1) unexpired funds for contract changes requiring change-in-scope; or</p> <p>(2) funds cited on the original contract for changes resulting from price inflation, escalation increases, economic price adjustments, incentive fees, award fees, and similar adjustments. ¹</p> <p>★(3) original funds cited on the contract for "within scope" changes. If original funds have closed, obligate current funds.</p> <p>obligate one of the following -</p> <p>(1)) for DERA contracts, the prior-year account that funded the original contract if funds remain in that account, or</p> <p>(2) for DERA contracts, the current appropriation account that is available for the same purpose as the account that funded the original contracts if no prior-year funds are available.</p>
<p>★2</p> <p>a. for a contract terminated for the convenience of the U.S. Government,</p> <p>b. for a contract terminated for convenience pursuant to a court order or a determination by other competent authority (such as a board of contract appeals, GAO, or the contracting officer) that the original award was improper, the appropriation originally cited may be used in a subsequent fiscal year to fund a replacement contract after consulting with legal counsel;</p>	<p>★2</p> <p>a. adjust the recorded obligation to anticipated settlement costs.</p> <p>b. obligate funds originally cited to fund a replacement contract, <u>provided all the following conditions are met:</u></p> <p>(1) original contract was made in good faith;</p> <p>(2) a continuing bona fide need still exists for the goods or services ordered;</p> <p>(3) replacement contract is substantially of the same size and scope as the original contract;</p> <p>(4) replacement contract is awarded without undue delay on same basis as original contract.</p>

Table 8-7

If adjustment is -	then -
3. for a contract terminated due to contractor default,	obligate funds originally cited to fund a replacement contract, provided all the following conditions are met: (1) original contract was made in good faith; (2) a continuing bona fide need still exists for the goods or services ordered; (3) replacement contract is substantially of the same size and scope as original contract; (4) replacement contract is awarded without undue delay on the same basis as the original contract; and (5) replacement contract is awarded to a different contractor.
4. for a protest filed with GAO in connection with a solicitation for, proposed award of, or award of a contract,	obligate, (after final ruling is made on protest), funds available at the time the protest was filed with GAO, provided the contract is awarded within 90 working days after the ruling.
5. for an obligation covering liquidated damages,	recover the amount of liquidated damages deducted and withheld. ⁵
6. for an anticipated price reduction on a contract determined with a written agreement between the contracting officer and the contractor,	adjust the original obligation as necessary.
7. for a miscellaneous obligation document (MOD) used to record an estimated obligation (such as utility service), and later determined to be over or understated,	adjust obligations against the MOD using same year funds.
8. for a credit received for materiel return,	reduce the obligation to the allotment account current at the time the credit is granted. ⁶
★9. a. required to make a payment for a recorded unliquidated obligation in a cancelled account. b. required to make a payment for an unrecorded obligation in a cancelled account. c. required to obligate an <u>unrecorded obligation</u> in a cancelled account when clearing a disbursement that was made before the account cancelled, ⁷	a. and b. use unexpired funds available for the same general purpose subject to the unexpended and 1 percent limitations. c. Record the obligation in the cancelled account.
NOTES:	
1. Contract changes citing expired funds require written documentation supporting these charges/adjustments as a legitimate use of expired appropriations. See paragraph 9-5r for documentation requirements.	
2. Public Law 85-804 is the statute that authorizes making, amending, and modifying contracts to facilitate the national defense.	

Table 8-7 (continued)

3. The allottee is responsible for covering the U.S. Government's contingent liability under the contract and for ensuring enough funds are available to cover net increases in obligations if the contingencies become actual liabilities when the formal contract supplement is signed.
4. Discretionary cost increases that exceed contractually stipulated ceilings but do not change the contract scope are charged, when the discretionary increases are granted, to funds cited on the original contract if available and then to funds current. Once the election is made to use current year funds, subsequent accounting adjustments to transfer costs to prior years are not authorized.
5. If a contractor objects to the deduction of liquidated damages, treat the amount as a contingent liability. Reestablish an obligation only when a formal contractor claim is approved.
6. Maintain financial control over outstanding materiel returns to inventories. Account for returns as reversals of related materiel procurement and/or issue transactions.
7. See procedures for adjustments in cancelled accounts in Chapter 16 for proper processing.

Table 8-7 (continued)

★HQDA and DFAS Indianapolis Network Obligation Adjustment Matrix for Army Funds				
Type of Transaction	DFAS Obligation Authority Threshold (Stated Amount signifies both upward and downward adjustments)	DFAS Responsibility	Resource Management Responsibility	Additional Information /Guidance
Civilian Pay	Obligate/adjust based on amount of disbursement.	Will post required adjustments to correct interface errors.		DCPS Payroll is automated interface.
Travel				
- TDY	\$3000 per transaction. (Upward adjustments only)	Matching process will occur before posting of obligation/adjustments.	Establish initial obligation.	
- Supplementals	Obligate/adjust based on amount of disbursement.	Matching process will occur before posting of obligation/adjustments.	Establish initial obligation.	
- Local mileage	Obligate/adjust based on amount of disbursement.	Matching process will occur before posting of obligation/adjustments.	Establish initial obligation.	
- Blanket Travel Orders	Obligate/adjust based upon amount of disbursement. Plus \$1 to identify change in overall amount. (Upward adjustments only)	Matching process will occur before posting of obligation/adjustments.	Establish initial obligation.	
- Military Training Specific Allotment (MTSA)	\$500 per transaction	Matching process will occur before posting of obligation/adjustments.	Establish initial obligation.	
- PCS Orders	Obligate/adjust based on amount of disbursement.	Matching process will occur before posting of obligation/adjustments.	Establish initial obligation.	
- Group Travel Orders	\$0	Will coordinate with RM.	Establish initial obligation and make appropriate adjustments.	
- Airline Tickets (Nations Bank)	Obligate/adjust based on amount of disbursement.	Matching process will occur before posting of obligation/adjustments.	Establish initial obligation.	For downward adjustments, limited to 30% of the original obligation.
- Local/DITY Moves	Obligate/adjust based on amount of disbursement.	Matching process will occur before posting of obligation/adjustments.	Establish initial obligation.	

Table 8-8

Reimbursable Orders (MIPRs)	\$0	Will coordinate with RM.	Establish initial obligation and amendment adjustments. RM will coordinate any other actions with DFAS.	
Government Bills of Lading and Similar Transactions	\$400 - CONUS \$1000 - OCONUS	Responsible for transactions that are less than or equal to \$400 - CONUS or \$1000 - OCONUS	Responsible for transactions that are greater than \$400 - CONUS or \$1000 - OCONUS	
Government Transportation Requests (GTR)	\$400 - CONUS \$1000 - OCONUS	Responsible for transactions that are less than or equal to \$400 - CONUS or \$1000 - OCONUS	Responsible for transactions that are greater than \$400 - CONUS or \$1000 - OCONUS	
Military Airlift Command (MAC) Tickets	\$400 - CONUS \$1000 - OCONUS	Responsible for transactions that are less than or equal to \$400 - CONUS or \$1000 - OCONUS	Responsible for transactions that are greater than \$400 - CONUS or \$1000 - OCONUS	
- Meal Tickets	\$400	Responsible for transactions that are less than or equal to \$400.00.	Responsible for transactions that are greater than \$400.00.	
Commercial Bills of Lading (CBL)	\$400 - CONUS \$1000 - OCONUS	Responsible for transactions that are less than or equal to \$400 - CONUS or \$1000 - OCONUS	Responsible for transactions that are greater than \$400 - CONUS or \$1000 - OCONUS	
Miscellaneous Obligation Documents	\$0	Will submit Aged Report to RM.	Establish initial obligation and make appropriate adjustments.	
Printing, GSA, OPM Bills	Obligate/adjust based on amount of disbursement.	Matching process will occur before posting of obligation/adjustments.	Establish initial obligation.	
Utility Payments (Water, Phone, Electric, Gas)	Obligate full amount of the bill	Matching process will occur before posting of obligation/adjustments.	Establish initial obligation and make appropriate adjustments.	
International Military Education and Training (IMET)	\$0	Will coordinate with RM.	Establish initial obligation and make appropriate adjustments.	
Petroleum Oil and Lubricants (POL) Payments	Obligate/adjust based on amount of disbursement.	Matching process will occur before posting of obligation/adjustments.	Establish initial obligation.	

Table 8-8 (continued)

U.S. Purchase Card (IMPAC)	Obligate/adjust based on amount of disbursement. (Upward adjustments only)	Matching process will occur before posting of obligation/adjustments.	Establish initial obligation.	
Postage and Express Mail	If credit card is not used, obligate/adjust based on amount of disbursement.	If credit card is not used, matching process will occur before posting of obligation/adjustments.	Use credit card to pay for these obligations.	
Interest	Obligate based on amount of disbursement.			
Contracts, Purchase Orders and Delivery Orders (Non-MOCAS)	No upward adjustments. If final payment, DFAS to adjust obligation down not to exceed 5% of posted obligation.	Will coordinate with RM for items over threshold.	Establish initial obligation and make appropriate adjustments.	
MOCAS	No upward adjustments. If final payment, DFAS to adjust obligation down not to exceed 5% of posted obligation.	Will take lead in research and coordinate corrective action with RM and DFAS-CO.	Establish obligation within 20 days of notification.	E-mail message will be followed up with telephone call.
JAG Claims/Suggestion Awards	Obligate/adjust based on amount of disbursement.		Establish initial obligation.	
Training (1556s)	If credit card is not used, obligate/adjust based on amount of disbursement up to \$1000. Use proper 1556 SDN.	Matching process will occur before posting of obligation/adjustments.	Use credit card to pay for these obligations. If credit card cannot be utilized, use the proper 1556 SDN format to create obligation.	Coordinate with RM for disbursements exceeding \$1000.
Other:				
- NULOs over 120 days old	\$0	Will take lead in research and coordinate corrective action with RM. Primary responsibility with DFAS for first 30 days. Joint responsibility from days 31-120.	Joint responsibility with DFAS to research during days 31-120. If research unsuccessful, receive notification from DFAS and establish obligation adjustment within 15 days of notification.	E-mail message will be followed up with telephone call.
- Credit Disbursements	\$0	Will take lead in research and coordinate corrective action with RM. Primary responsibility with DFAS for first 30 days. Joint responsibility from days 31-120.	Joint responsibility with DFAS to research during days 31-120. If research unsuccessful, receive notification from DFAS and establish obligation adjustment within 15 days of notification.	E-mail message will be followed up with telephone call.

Table 8-8 (continued)